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FISCAL IMPACT REPORT

LAST UPDATED _____

SPONSOR Pope/Brandt **ORIGINAL DATE** 2/8/23

BILL

SHORT TITLE Disabled Veteran Property Tax Exemption **NUMBER** Senate Bill 300

ANALYST Graeser

REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY23	FY24	FY25	FY26	FY27		
	No fiscal impact	No fiscal impact	No fiscal impact	No fiscal impact	Recurring	General Fund
	No fiscal impact	No fiscal impact	No fiscal impact	No fiscal impact	Recurring	Local Governments

Parenthesis () indicate revenue decreases

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Indeterminate Impact				Non-recurring	TRD/PTD
May be significant	May be significant	May be significant	May be significant	Recurring	County Assessor's

Parenthesis () indicate expenditure decreases

Sources of Information

LFC Files

SUMMARY

Synopsis of Senate Bill 300

Senate Bill 300 makes a change to the procedures and timing that will allow a 100 percent disabled veteran who changes residence in mid-year to fully benefit from the constitutional/statutory 100 percent exemption from property taxes in Section 7-37-5.1 NMSA 1978. The veteran changing residences in mid-year can elect to cancel the exemption on the old residence and apply it to the new residence. This swap can be accomplished by application to the county assessor at any point in the tax year.

This new procedure may solve the problem that arises when the title company adjusts property taxes at closing on the purchase by the disabled veteran of the new house or the sale of the old house.

This treatment and exemption also applies if the disabled veteran has transferred the residential property to a family trust or grantor trust.

This bill does not contain an effective date, and as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed.

FISCAL IMPLICATIONS

There will be no revenue implications of this proposal. However, TRD Property Tax Division indicates that county assessors will have to modify procedures to accommodate this mid-year transfer of exemptions out of the ordinary cycle. County assessors will also have to adapt procedures to accommodate mid-year residential property transfers. This may involve considerably greater communication with title companies conducting closings on real property transfers.

SIGNIFICANT ISSUES

The spirit of the provisions of this bill is to allow disabled veterans to benefit fully from the constitutional and statutory 100 percent property tax exemption that they have earned through service in the U.S. armed forces.

In the analysis of HJR5. TRD noted that there are approximately 74 thousand veterans claiming the \$4,000 property deduction (per Article VII, Section 5 of the constitution) per tax year 2020 county reports. According to data released by Workforce Solutions Department, 34 percent of New Mexico veterans reported having a disability. If 25 percent of these veterans qualify for the 100 percent exemption, and 20 percent of those change residence in a year, then there will be about 1,250 opportunities to invoke the provisions of this bill.

ADMINISTRATIVE IMPLICATIONS

As noted, TRD/PTD and county assessors will be pressed to change procedures that may have been in place since the late 19th century.

LG/al/ne